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Spain

Fresh Deciduous Fruit

Annual

2003

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Report Highlights:

Cold weather during the winter, with no late frosts during the spring, resulted in good crops of peaches, apples and pears. Grapes – both for table and for wine - were hurt by this summer's unusually hot, dry weather. Prices for most fruit are extremely high due to shorter crops in other EU countries. Producers are reporting very profitable returns despite production losses due to the heat wave. Although shipments of U.S. apples to Spain have been minimal during the past few years, a weaker dollar and high prices for apples in EU markets could result in improved prospects in MY 2003/04.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Annual Report
Madrid [SP1]
[SP]

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Executive Summary

The Spanish Ministry of Agriculture says that the CY 2003 apple crop could rise to about 818,300 tons, up 25.4 percent over 2002. The 2003 pear crop is estimated to be about 628,400 tons, up 4.2 percent from previous year. The grape crop could decline to 320,000 tons, or 3 percent lower than in 2002. The shorter crops in other EU countries are resulting in extremely profitable prices for most deciduous fruit.

The high prices in the EU and Spain's larger crops of apples and pears should fuel exports while lowering imports in MY 2003/04. However, opportunities exist for U.S. apples in Spain during MY 2003/04 due to the strength of the Euro and higher prices in the Spanish market. In MY 2001/02 (July/June), Spain imported 331 tons of high quality apples from the United States.

Note: Current exchange rate is:

1 Euro= $1.09

A. Apples Production.

PSD Table

Country	Spain						
Commodity	Fresh Apples				(HA)(1000 TREES)(MT)		
	2001 USDA Official [Old]	Revised Post Estimate [New]	2002 USDA Official [Old]	Estimate Post Estimate [New]	2003 USDA Official [Old]	Forecast Post Estimate [New]	UOM
Market Year Begin		07/2001		07/2002		07/2003	MM/YYYY
Area Planted	49000	46000	49000	44674	0	44000	(HA)
Area Harvested	46500	45000	47000	44000	0	43800	(HA)
Bearing Trees	0		0		0	0	(1000 TREES)
Non-Bearing Trees					0		(1000 TREES)
Total Trees	0	0	0	0	0	0	(1000 TREES)
Commercial Production	882800	922000	711900	652500	0	778400	(MT)
Non-Comm. Production	40000	40000	30000	30000	0	40000	(MT)
TOTAL Production	922800	962000	741900	682500	0	818400	(MT)
TOTAL Imports	176400	176376	228000	228000	0	150000	(MT)
TOTAL SUPPLY	1099200	1138376	969900	910500	0	968400	(MT)
Domestic Fresh Consump	760000	751636	725000	724400	0	663400	(MT)
Exports, Fresh Only	132000	119540	60000	60000	0	120000	(MT)
For Processing	175000	235000	165000	106200	0	165000	(MT)
Withdrawal From Market	32200	32200	19900	19900	0	20000	(MT)
TOTAL UTILIZATION	1099200	1138376	969900	910500	0	968400	(MT)

NOTE: Official data for orchard area is updated by the Ministry of Agriculture every 4 or 5 years. The latest survey, done in 2002, revealed a 10-percent drop in area compared to the previous survey. The “new” 2002 data for Area Planted, above, reflects the latest survey.

Apple production has been declining due to a reduction in crop area as farmers shifted from apples to peaches and nectarines; however, some recovery is expected in the next few years. Traditional varieties, such as Starking and Golden, are being replaced by more up-market types, such as Gala, Fuji and Pink Lady. Although most orchards were in good shape in late spring, an unrelenting summer heat wave hurt size and quality. The Gala variety was particularly affected: much of the crop lacked the red color necessary to be classified as high quality and the size of the fruit was also reduced.

For MY 2003/04 (July/June), table apple production has been estimated by the Spanish Ministry of Agriculture at 766,000 tons, some 22 percent higher than in the previous MY. Cider apples should reach about 52,300 tons, some 99 percent higher than the previous year.

Table Apple Production - Spain
(Metric Tons)

Autonomous Community	2003(Forecast)	2002
Aragon	242200	194600
Catalonia	358900	270900
La Rioja-Navarra	33900	38900
Galicia	52000	42300
Other	79000	77598
TOTAL	**766000**	**626300**

About 80 percent of the apple crop is produced in the Ebro river basin in the northeast of Spain. Since 1995, crop area has fallen from 43,500 hectares to a current level of about 36,000 hectares. The area planted with cider apples total about 8,000 hectares, located mainly in Asturias and the Basque Country of Northern Spain.

B. Pears Production

PSD Table

Country	**Spain**						
Commodity	**Fresh Pears**				(HA)(1000 TREES)(MT)		
	2001 USDA Official [Old]	Revised Post Estimate [New]	2002 USDA Official [Old]	Estimate Post Estimate [New]	2003 USDA Official [Old]	Forecast Post Estimate [New]	UOM
Market Year Begin		07/2001		07/2002		07/2003	MM/YYYY
Area Planted	40500	34000	40500	32356	0	32000	(HA)
Area Harvested	38500	33500	38500	32000	0	31800	(HA)
Bearing Trees	0	0	0	0	0	0	(1000 TREES)
Non-Bearing Trees	0	0	0	0	0	0	(1000 TREES)
Total Trees	0	0	0	0	0	0	(1000 TREES)
Commercial Production	694000	694000	606900	606900	0	640000	(MT)
Non-Comm. Production	25000	25000	20000	20000	0	22000	(MT)
TOTAL Production	719000	719000	626900	626900	0	662000	(MT)
TOTAL Imports	22500	22559	30000	32000	0	20000	(MT)
TOTAL SUPPLY	741500	741559	656900	658900	0	682000	(MT)
Domestic Fresh Consump	478200	478259	480100	479900	0	442000	(MT)
Exports, Fresh Only	193300	193300	116800	114000	0	180000	(MT)
For Processing	45000	45000	40000	45000	0	40000	(MT)
Withdrawal From Market	25000	25000	20000	20000	0	20000	(MT)
TOTAL UTILIZATION	741500	741559	656900	658900	0	682000	(MT)

NOTE: Official data for orchard area is updated by the Ministry of Agriculture every 4 or 5 years. The latest survey, done in 2002, revealed a 20-percent drop in area compared to the previous survey. The “new” 2002 data for Area Planted, above, reflects the latest survey.

Favorable weather conditions during the winter and spring have resulted in a good crop. Fruit quality was only marginally affected by this summer’s heat wave and is reported to be good.

Pear Production - Spain
(Metric Tons)

Autonomous Community	**2002 (Forecast)**	**2003 (Forecast)**
Aragon	157165	144942
Catalonia	295623	301090
La Rioja-Navarra	45144	51325
Extremadura	21301	26518
Murcia	24790	17560
Other	62877	98565
Total	606900	640000

About 77 percent of the pear crop is produced in the Ebro river basin. A area planted to pears (2002 data) totals 32,256 hectares. Area has risen by about one percent in the last seven years. Nearly all the pears are produced under irrigation. The main varieties are Blanquilla, Conference, Ercolini (Coscia), Limonera (Jules Guyot) and Williams. Production of the Conference and Williams varieties has risen dramatically during the last ten years. Current high prices could encourage new orchards in the next few years to meet demand in both domestic and EU markets.

C. Grapes Production

PSD Table

Country	**Spain**						
Commodity	**Fresh Table Grapes**				(HA)(MT)		
	2001 USDA Official [Old]	Revised Post Estimate [New]	2002 USDA Official [Old]	Estimate Post Estimate [New]	2003 USDA Official [Old]	Forecast Post Estimate [New]	UOM
Market Year Begin		01/2001		01/2002		01/2003	MM/YYYY
Area Planted	30000	23900	30000	23000	0	20000	(HA)
Area Harvested	28000	23000	28000	22500	0	20000	(HA)
Commercial Production	332400	332400	322000	322000	0	314500	(MT)
Non-Comm. Production	10000	10000	10000	10000	0	10000	(MT)
TOTAL Production	342400	342400	332000	332000	0	324500	(MT)
TOTAL Imports	24800	27799	28000	19937	0	15000	(MT)
TOTAL SUPPLY	367200	370199	360000	351937	0	339500	(MT)
Domestic Fresh Consump	242800	241198	242000	223620	0	211500	(MT)
Exports, Fresh Only	96400	98002	90000	100317	0	100000	(MT)
For Processing	20000	22999	20000	20000	0	20000	(MT)
Withdrawal From Market	8000	8000	8000	8000	0	8000	(MT)
TOTAL UTILIZATION	367200	370199	360000	351937	0	339500	(MT)

The heat wave has caused some losses in grapes: the MY 2003/04 crop is estimated at 324,000 tons, about three percent lower than in the previous year. About 62 percent of the table grape crop is located in the Region of Valencia. Area planted in the crop has been cut in half during the past decade, from 40,000 hectares in 1994 to about 20,000 hectares in 2003. Nonetheless, the production has remained fairly stable in the same period due to the implementation of new irrigation systems. Moscatel, Ideal and Aledo are the main table varieties.

D. Concentrated Apple Juice Production.

PSD Table

Country	**Spain**						
Commodity	**Concentrated Apple Juice**				(MT)		
	2001 USDA Official [Old]	Revised Post Estimate [New]	2002 USDA Official [Old]	Estimate Post Estimate [New]	2003 USDA Official [Old]	Forecast Post Estimate [New]	UOM
Market Year Begin		07/2001		07/2002		07/2003	MM/YYYY
Deliv. To Processors	175000	175000	165000	80000	0	113000	(MT)
Beginning Stocks	2000	2000	1900	8200	2000	1587	(MT)
Production	18700	25000	17600	11428	0	16142	(MT)
Imports	11600	3090	12600	5459	0	6000	(MT)
TOTAL SUPPLY	32300	30090	32100	25087	2000	23729	(MT)
Exports	17000	14318	16500	16000	0	15000	(MT)
Domestic Consumption	13400	7572	13600	7500	0	7500	(MT)
Ending Stocks	1900	8200	2000	1587	0	1229	(MT)
TOTAL DISTRIBUTION	32300	30090	32100	25087	0	23729	(MT)

Notes: Data shown in the PS&D table are expressed in terms of 70-71 Brix concentrated juice. According to Spanish processors, seven kilograms of apples yield 1 kilogram of CAJ of 70-71 degrees Brix. The number delivered to processors in the CAJ S&D table does not include apples processed into cider.

As a result of the smaller MY 2002/03 apple crop, concentrated apple juice (CAJ) production reached only 11,428 tons for the season.

This year's expected larger apple crop and the down grading of Gala varieties- the color is not dark enough- could send more apples to processing in MY 2003/04. Processors are concerned about CAJ imports from China, which are expanding rapidly.

Consumption

Consumption Subcategory

A. Fresh Apple Consumption

Although overall fruit consumption is increasing, fresh apple consumption remains relatively stable. The popularity of apple varieties has been shifting: consumption of Golden and Starking varieties has been falling and replaced by Gala, Fuji and Pink Lady varieties. Both Spanish and EU authorities continue organizing promotion campaigns to increase apple and citrus consumption. Apples are the third most popular fruit in Spain during winter months, after oranges and bananas.

B. Fresh Pear Consumption

Fresh pear consumption is also basically stable, with year-to-year fluctuations reflecting domestic production levels and availability. The main varieties consumed are Blanquilla, Conference, Limonera and Ercolini; Blanquilla is a strong favorite among Spanish consumers. Pears are consumed mainly during the fall and winter, competing with citrus, apples and bananas.

C. Grapes Consumption

Consumption of table grapes is expected to drop slightly from the previous year due the fall in production. Moscatel is the most popular variety. Most of the crop is consumed during September/December within a few months of the harvest. Seedless grapes and grapes with a low percentage of sugar are becoming more and more popular.

D. CAJ Consumption

Apple juice is not widely consumed in Spain. Consumption is estimated at 60 million liters, representing a minimal percentage of the total beverage market.

Trade

Trade Subcategory

A. Apples Trade

Import Trade Matrix			
Country	Spain		
Commodity	Fresh Apples		
Time Period	MY	Units:	Metric Tons
Imports for:	2000		**2001**
U.S.	531	U.S.	338
Others		Others	
France	197319		76188
Chile	27098		31875
Italy	22357		19679
Portugal	12888		16473
Argentina	4768		8629
Germany	8739		6714
Belgium	9749		4937
Total for Others	282918		164495
Others not Listed	16786		11881
Grand Total	299704		176376

Export Trade Matrix

Country Spain

Commodity Fresh Apples

Time Period	MY	Units:	Metric Tons
Exports for:	2000		2001
U.S.		U.S.	
Others		Others	
France	5496		36395
Portugal	38121		33439
Algeria	0		8625
Germany	3222		6873
Italy	1072		5747
Greece	616		4566
Netherlands	1641		4380
UK	2033		4193
Total for Others	52201		104218
Others not Listed	6588		15322
Grand Total	58789		119540

Imports and exports of Spanish apples fluctuate with the size of the crops in both Spain and EU countries. For instance, the good crop in 2001 resulted in lower imports and higher exports of apples in MY 2001/02. The bulk of Spain's apples trade is with other EU countries.

During MY 2003/04, the good crop in Spain will cause higher exports and lower imports compared with the previous season. In addition, exports are getting an extra boost from high prices in other EU countries. Data for first eleven months of MY 2002/03 (July-2002/May-2003) show imports of 223,186 tons. Based on this data, imports for the entire marketing year are estimated about 38 percent higher than in the previous MY. France, Chile, Italy, Germany, Portugal and Argentina were the major suppliers.

Spain imported 75 tons of U.S. apples in MY 2002/03. Importers continue to express interest in U.S. apples, particularly red varieties. According to trade sources, higher imports of U.S. apples are expected in 2003/04 due to high prices throughout the EU. The window of opportunity for U.S. apples in Spain is normally during November-March, before the Southern Hemisphere crop is available.

For the next few years, higher exports of Spanish summer apples (Gala, Fuji and Pink Lady) to other EU countries are expected due to the good quality of these crops.

B. Pears Trade

Import Trade Matrix

Country	Spain		
Commodity	Fresh Pears		
Time Period	MY	Units:	Metric tons
Imports for:	2000		**2001**
U.S.	63	U.S.	
Others		Others	0
Belgium	22777		5459
Chile	4682		4916
Netherlands	10212		3179
Germany	3186		3124
Argentina	1621		2638
France	4158		1064
Portugal	774		1048
Total for Others	47410		21428
Others not Listed	3571		1131
Grand Total	50981		22559

Export Trade Matrix

Country	Spain		
Commodity	Fresh Pears		
Time Period	MY	Units:	Metric tons
Exports for:	2000		**2001**
U.S.		U.S.	
Others		Others	
Italy	29307		62673
Germany	14255		27215
Greece	16438		21422
France	11795		19879
Portugal	10099		11081
Belgium	3476		9856
Netherlands	2086		8395
Russia	2739		7182
UK	4069		5955
Total for Others	94264		173658
Others not Listed	11198		19625
Grand Total	105462		193283

Imports of pears during the first eleven months of MY2002/03 amounted to 30,171 tons, about 50 percent higher than the same period a year earlier. Imports during CY 2001 totaled 33,964 tons, about 17 percent lower than CY 2000. The bulk of imports continue to be sourced from other EU countries and Chile. U.S. pear imports in CY 2001 reached only 65 tons. No U.S. imports had been reported during the previous four years. Total imports are expected to increase in MY2002/03 as a result of Spain's lower domestic supplies.

Spain's exports during the first ten months of MY2001/02 totaled 170,495 tons, an increase of 79 percent from the previous year. Major destinations were Italy, Germany and Greece. Total exports during CY 2001 reached 62,790 Mt, a 49 percent increase from the previous CY. In MY2002/03, however, exports declined due to the smaller crop.

B. Fresh Grapes Trade

Import Trade Matrix			
Country	Spain		
Commodity	Fresh Table Grapes		
Time Period	CY=MY	Units:	Metric Tons
Imports for:	2001		**2002**
U.S.	31	U.S.	27
Others		Others	
Chile	4712		7011
Italy	14058		5483
South Africa	4041		2955
Netherlands	1444		2189
Belgium	393		655
Germany	861		310
Total for Others	25509		18603
Others not Listed	2259		1307
Grand Total	27799		19937

Export Trade Matrix

Country Spain

Commodity Fresh Table Grapes

Time Period	CY=MY	Units:	Metric Ton
Exports for:	2001		**2002**
U.S.		U.S.	
Others		Others	
Germany	24412		25828
Portugal	20894		20442
UK	22800		19641
France	16217		18140
Netherlands	4018		5139
Italy	3590		2798
Total for Others	91931		91988
Others not Listed	6071		8329
Grand Total	98002		100317

Due to a better crop, total imports of grapes declined to 19,937 tons during CY 2002, while exports rose to 100,317 tons. Italy and Chile were again the major suppliers and Germany Portugal and the UK were the major buyers. As a result of the smaller crop in other EU countries in CY 2003, stable exports are expected despite a decline in the domestic crop. Imports are expected to decline due to a shorter crop in EU countries in CY 2003. Minimal imports of U.S. grapes have been reported during the last few years. Spain is a net table grape exporter, and U.S. table grapes have a reduced potential in this market.

D. CAJ Trade

Import Trade Matrix

Country	Spain		
Commodity	Concentrated Apple Juice		
Time Period	MY	Units:	Metric tons
Imports for:	2000		**2001**
U.S.	0	U.S.	0
Others		Others	
Germany			1124
China			626
Turkey			306
South Africa			479
France			311
Total for Others	0		2846
Others not Listed	5970		243
Grand Total	6520		3089

Export Trade Matrix

Country	Spain		
Commodity	Concentrated Apple Juice		
Time Period	MY	Units:	Metric Tons
Exports for:	2000		**2001**
U.S.		U.S.	30
Others		Others	
UK			3595
Germany			4472
Netherlands			1846
Japan			1484
France			910
Portugal			623
Total for Others	0		12930
Others not Listed	20500		1358
Grand Total	20500		14318

Spanish CAJ imports during the first eleven months of MY 2002/03 were about 50 percent higher than in the same period of MY 2001/02. Imports from China during the first eleven months of MY 2002/03 shot up to 1,145 tons, or 83 percent higher than in the same period of previous MY. Besides China, CAJ imports came from Germany and South Africa. Imports are expected to rise again in MY 2003/04 despite higher domestic production.

Spanish CAJ exports during the first eleven months of MY 2002/03 rose to about 14,700 tons, some 30 percent higher than in the same period of previous marketing year. The United Kingdom, Germany and Netherlands were the major destinations. Large beginning stocks encouraged this gain in exports. For MY 2003/04, we expect a drop in exports.

Marketing

A. Apple Marketing

U.S. quality apples have some market opportunities in Spain. Spanish consumers prefer crisp, well-colored fruit. Spain’s importers and consumers are already aware of the texture and flavor of U.S. apples. U.S. Red varieties have the greatest marketing opportunities, followed by Gala, Fuji and Golden. The main constraint to U.S. apples in the Spanish market has always been their high prices relative to those from other suppliers. According to importers, this constraint could be reduced this season due to a weaker dollar and to higher prices in the EU. As recently as 1999, Spain imported 5,314 tons of high quality apples from the U.S.

B. Pears Marketing

Given Spain’s position is a net exporter of pears and consumers’ strong preference for the domestic blanquilla variety, the potential market for U.S. pears is limited. Further, EU suppliers are in a better position to supply winter pears due to lower transport costs. Spain’s imports from outside the EU are mostly off-season pears from the Southern Hemisphere.

C. Grapes Marketing

Spain is a difficult market for U.S. grapes since it is a major exporter of grapes and has a long growing season concurrent with the U.S. season. In addition, the Spanish consumers are not familiar with the U.S. varieties.